

ASSEMBLY BILL

No. 2547

Introduced by Assembly Member Ridley-Thomas

February 23, 2006

An act to add Section 24386 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2547, as introduced, Ridley-Thomas. Corporation taxes: deductions: brownfields.

The Corporation Tax Law authorizes various deductions in computing income that is subject to tax under that law.

This bill would allow a deduction in the amount of interest received by financial corporations from loans made for the purpose of redeveloping brownfields, as defined, that are located within blighted areas, as defined.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 24386 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 24386. (a) There shall be allowed as a deduction the amount
- 4 of net interest received by a financial corporation on loans made
- 5 for purposes of redeveloping brownfields that are located in
- 6 blighted areas.

1 (b) No deduction shall be allowed under subdivision (a) unless
2 each of the following requirements are met at the time the loan is
3 made:

4 (1) The redevelopment occurs solely within the brownfields
5 that are located in blighted areas.

6 (2) The indebtedness is incurred solely in connection with the
7 redevelopment in the brownfield.

8 (3) The financial corporation has no equity or other ownership
9 interest in the debtor, and the financial corporation and debtor are
10 not members of a commonly controlled group, within the
11 meaning of Section 25105.

12 (c) For purposes of this section, all of the following apply:

13 (1) “Brownfield” means a site as defined in Section
14 25395.79.2 of the Health and Safety Code.

15 (2) “Blighted area” means an area as defined in Section 33030
16 of the Health and Safety Code.

17 (3) “Redevelopment” means an activity as defined in Section
18 33020 of the Health and Safety Code.

19 SEC. 2. This act provides for a tax levy within the meaning of
20 Article IV of the Constitution and shall go into immediate effect.